

THE PRESIDENT'S INTELLIGENCE CHECKLIST

16 MAY 1962
~~TOP SECRET~~

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LATE ITEMS

Five Catholic Party (MRP) members of Pompidou's cabinet resigned last night in protest over De Gaulle's lukewarm comments on European federation at his press conference.

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Paris has set 1 July as the date for the self-determination vote in Algeria.

1. Laos

a. Initial reporting strongly suggests that Phoumi and Boun Oum have been given some encouragement by the Chinese Nationalists yesterday. A Taipei broadcast on their visit says that they have no intention of meeting Souvanna's terms for a coalition government, adding that the Nationalists have "pledged full moral support," and may also offer material aid. Taipei has also agreed to open an embassy in Vientiane. While we do not yet have an official account of what went on, this strikes us as going somewhat beyond the expression of sympathy to which the Chinese had assured us they would limit themselves. It seems likely to have a decidedly unsettling effect on Souvanna.

b. The first major Chinese Communist statement since the US moves over the weekend puts great emphasis on the claimed participation of Chinese Nationalist troops in operations in Northern Laos. The Chinese use the "we cannot remain indifferent" formulation for the first time since April of last year.

c. No new military action has been reported from Laos. However, a Soviet transport on Monday carried out what appears to be the first air-drop to rebel forces in the Ban Houei Sai area; there are indications that the Soviet airlift to Tchepone, in south-central Laos, will resume today after weeks of inactivity. There is also evidence

that the North Vietnamese have a field headquarters at

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Muong Sai--from which the operation against Nam Tha could have been directed--and may have another, which we are not yet able to locate.

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e. Ambassador Brown had a long talk with Phoui Sananikone yesterday in which he made clear our feelings about Phoumi and our hope that Phoui would move into the picture. Brown got a good first reaction from Phoui, but thinks he will need further goading.

2. West New Guinea

a. Subandrio says he is still looking for evidence from the Dutch that they are willing to accept the Bunker proposal as a basis for resuming talks and is not convinced by our argument that this is what Luns' latest statement means. Meanwhile, he sees no recourse but military action to convince the Dutch Indonesia is not weak-kneed.

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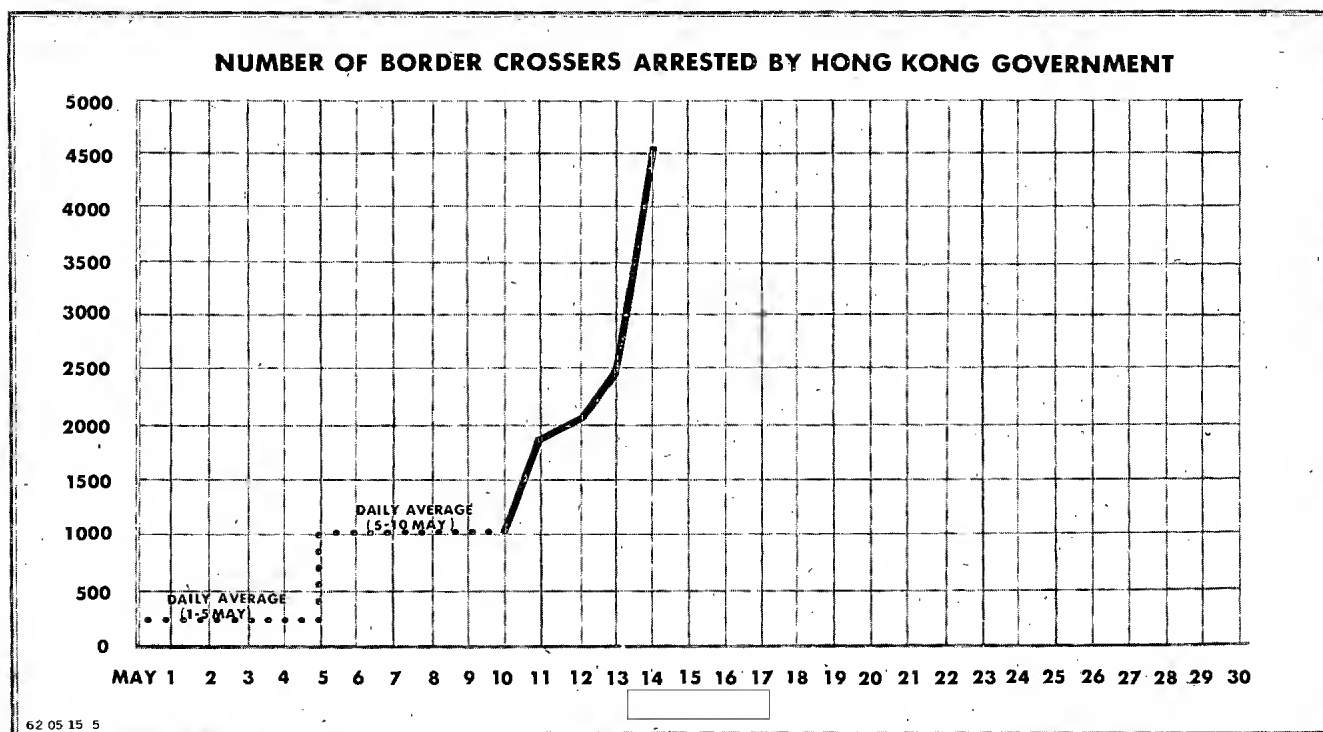
b. We believe that Subandrio's trip to Moscow netted him new Soviet aid, amounting to some \$68 million, which will be taken out mostly in the form of more Soviet aircraft and surface-to-air missiles. We also learn, however, that Moscow is keeping a tight hold on the purse strings by making the Indonesians stay up to date on their payments for previous aid.

c. The Indonesians are showing improved organizational work in setting up their infiltrations into West New Guinea. [redacted] the contingent airdropped along the south coast yesterday numbered 100, the largest yet. Once on New Guinea, however, the Indonesians are doing no better in coping with the terrain, the unfriendly population and their resupply problems. [redacted]

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3. Slumping Chinese morale seen in mounting refugee flow

On Monday, the daily total of illegal crossers arrested by Hong Kong border guards reached 4,543. US authorities in Hong Kong believe that the thousands of refugees milling around the border confront the Chinese Communists in Kwantung Province with a good-sized security problem. Despite the black eye this situation gives the Communists, it seems that either they cannot or dare not order harsh security measures. Our people believe that the regime's toleration of this mess is further depressing the morale and effectiveness of the Communist cadres who see it going on. The big question is whether the situation is symptomatic of conditions in China generally or is local to the Hong Kong area;

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4. France

a. Before De Gaulle's press conference yesterday [] some signs of anxiety in the French Foreign Ministry over the mounting commentary on French contrariness (the recent Alsop and Sulzberger articles were being cited in particular). Since we can discover no change or softening in De Gaulle's position on any major point, we conjecture that he decided that if French views were under scrutiny they had best come directly from him. []

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5. Chilean-Bolivian dispute

The controversy between the two governments over rights to Lauca river waters appears to be headed toward arbitration. The Bolivians now say they are willing to withdraw their charges of aggression against Chile before the Council of the OAS. The Chileans had become so worked up on this point that they were refusing to even discuss arbitration and were threatening to pull out of the OAS unless the charges were rejected.

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NOTES

- A. The Soviets are trying to stir up action in the Congo, including possibly a new Security Council mandate to deal with Katanga. The Soviet chargé in Leopoldville, who has never before visited Gardiner, called on him twice yesterday to promote the new mandate idea. [redacted] 50X1
- B. Cuban oil refineries are being forced to regear their schedules because Soviet crude oil shipments are not arriving on time. The clumsiness of Moscow's foreign trade mechanism, rather than welching, probably accounts for the lag. [redacted] Meanwhile, a Soviet-Cuban trade protocol just signed provides for a 40 percent increase in trade this year. A substantial new Soviet credit or even grant may be involved as Cuba could not otherwise handle an increase of this size. [redacted] 50X1
- C. Exchanges in Berlin between US and Soviet officials on breaking the impasse on intersector travel by the two Commandants, still find the Russians looking for ways to avoid backing down on the question of East German rights. One device suggested: if the US Commandant meets his Soviet opposite number at Potsdam he would not need to cross the sector border and his civilian aides would not have to go through East German inspection. [redacted] 50X1
- D. Africans studying in Communist China are now down to a corporal's guard. Most of the students have returned home with a bad taste in their mouths, complaining, among other things, of racial discrimination. [redacted]

DOCUMENTS OF INTEREST

I.

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II.

THE DIRECTOR OF CENTRAL INTELLIGENCE